

# Town of Frederick Board of Trustees



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AM 2010-051


**TO SET THE FREDERICK CAPITAL IMPROVEMENT FEES FOR ST. VRAIN VALLEY SCHOOL DISTRICT, AS A CONDITION OF ALLOWING A NEW 3" AND 4" WATER TAP.**

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**Agenda Date:** Town Board Meeting - April 27, 2010

**Attachments:** None

**Fiscal Note:** No expenditure of Town funds.

  
Finance Manager

**Submitted by:** Brian Frank   
Staff Engineer

**Approved for Presentation:**   
Town Administrator

**AV Use Anticipated** Projector \_\_\_\_\_ Laptop \_\_\_\_\_

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**Certification of Board Approval:**

\_\_\_\_\_  
Town Clerk

\_\_\_\_\_  
Date

**Summary Statement:**

St. Vrain Valley School District (SVVSD) is requesting a 3 inch potable water tap and 4 inch raw water tap in conjunction with their development of the high school to be located southwest of the intersection of Colorado Blvd and Tipple Pkwy. The Frederick Municipal Code (FMC) states that the capital improvement fee paid to the Town for taps of this size must be set by the Town Board. Staff recommends that the Frederick Capital Improvement Fee assessed for SVVSD's 3 inch potable water tap at \$17,000, and set the Frederick Capital Improvement Fee assessed for SVVSD's 4 inch raw water tap at \$66,000.

### **Detail of Issue/Request:**

The FMC specifies the dollar amount of a capital improvement fee to be assessed in conjunction with a new water tap, for taps sized between 5/8 inches and 2 inches. The fees for taps larger than 2 inches are to be set by the Town Board. SVVSD is requesting a 3 inch potable water tap based on the number of students that the school is expecting when built out. The 4 inch raw water tap has been sized to accommodate the schools ball fields and landscaping and will be fed by the Town's raw water mains from Milavec Lake. SVVSD has spoken to CWCWD and to the Town to cooperatively plan for projected demands on the Town's water supply systems. SVVSD will be building a new 8 inch and 12 inch potable waterline along with a 4 inch raw waterline to the proposed site, at its cost, which it will then dedicate to the Town. Additionally, SVVSD will dedicate 20 units of CBT water to the Town based on the projected water usage once the school is built out. Annual potable water consumption at the new high school is estimated at 6 to 7 acre-feet in the interim and 10 acre-feet for the built out student capacity.

Capital improvement fees are intended to pay for the costs of new water system infrastructure which are a function of the quantity and rate of water that the system can supply. The FMC and an intergovernmental agreement with the Central Weld County Water District (CWCWD) require that a capital improvement fee be paid to CWCWD for any new tap on the Town's potable water system, in addition to the fee hereby set for the Frederick Capital Improvement Fees. SVVSD will pay a CWCWD Capital Improvement Fee of \$133,525.00 for the potable water tap. Since the Town's raw water system is separate from CWCWD's system the only fee for the raw water tap will be paid to the Town.

The proposed potable water capital improvement fee for the requested 3" tap was analyzed by staff using a ratio of the water usage the school is proposing (10 acre-feet per year) and the observed water usage associated with tap sizes between 5/8 inches and 2 inches. Using this method to extrapolate the capital improvement fee for a 3 inch water tap yields a proposed fee of approximately \$17,000. It is staff's opinion that \$17,000.00 is a reasonable and fair Frederick Capital Improvement Fee to charge for the requested 3 inch water tap and is directly related to SVVSD's projected water usage.

Staff has been working with Civil Resources on getting the Town's Water Rate Study updated. The update contains proposed Capital Improvement Fees for the Town's raw water system. In the current Water Rate Study draft the Capital Improvement Fee is \$1,100.00 per Ac-ft of raw water used. SVVSD has proposed to dedicate 60 Ac-ft of raw water to the Town for SVVSD raw water usage and staff agrees this is a reasonable amount. The Capital Improvement Fee for the raw water system is \$66,000.00 based on this usage. It is staff's opinion that \$66,000.00 is a reasonable and fair Frederick Capital Improvement Fee to charge for the 4 inch raw water tap.

### **Legal/Political Considerations:**

*Not applicable.*

### **Alternatives/Options:**

The potential potable water capital improvement fee was also calculated by examining the current fees per tap size in the FMC and simply extrapolating that fee to a 3 inch tap. This second method used a linear model (first-order) and yielded a fee of approximately \$16,000, which is the same fee a linear trend model yielded. A logarithm method yielded a fee ranging from approximately \$20,000 to

\$60,000. However, extrapolating out to a 6" tap using this logarithm method indicates a fee of \$8 million and staff doesn't believe this is a reasonable method. Another method examined considered the cross sectional area of the different tap sizes and extrapolated the fee for a 3 inch tap size which yielded fees of approximately \$23,000 to \$27,000. All of these alternative methods were based solely on the tap size and didn't account for estimated actual usage. It is staff's opinion that basing the potable water tap fee on estimated usage is a more correct and fairer method in this situation. Staff is therefore recommending the \$17,000 fee for the potable water tap.

Other methods of assessing the raw water capital impact fee based on tap sizes and comparisons to single family equivalents were considered during preparation of the Water Rate Study update. It was the consultant's and staff's opinion that basing the raw water capital impact fee on a per acre-foot anticipated usage was the most reasonable method available.

**Financial Considerations:**

*Not Applicable.*

**Staff Recommendation:**

Approve a motion that sets the Frederick Capital Improvement Fee assessed for SVVSD's 3 inch potable water tap at \$17,000, and set the Frederick Capital Improvement Fee assessed for SVVSD's 4 inch raw water tap at \$66,000.

\*Based on an exponential equation, the tap fee ranges from \$20,000 to \$60,000. Using this method for a 6" tap yields a tap fee of \$8,000,000, which is exorbitant.